



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Salt Lake Field Office
2370 South 2300 West
Salt Lake City, Utah 84119

IN REPLY REFER TO:

3809
UT-023
UTU-62823

JUN 27 2002

Mr. Dean Wilson
Wilson Enterprises Inc
PO Box 267
Hill City SD 57745

Dear Mr. Wilson,

Our records show that you have an active notice on file with this office. The notice number is UTU-62823. Please refer to this number in any future correspondence.

The new Surface Management regulations at 43 CFR 3809 regarding notices became effective January 20, 2001. Under the final rule, existing notices expire on January 20, 2003. If you wish to extend your notice beyond this date:

1. You must notify this office in writing.
2. You must post a financial guarantee for reclamation of your notice operations as required under 43 CFR 3809.503(a) and 3809.552 on or before January 20, 2003.
3. If you do not extend your notice, you must cease operations and promptly reclaim all of your disturbances.

Your financial guarantee must be adequate to cover the cost of reclamation to your site. Reclamation includes not only the existing disturbance, but also any additional area you will disturb under the notice. Your request to extend the notice must provide a detailed reclamation cost estimate. An example of how to calculate your reclamation cost estimate is enclosed. However, it may be helpful prior to finalizing your reclamation cost estimate, to call this office to arrange a field inspection of your project area. This will help ensure the cost estimate is accurate and includes all necessary reclamation activities. Once the final reclamation cost has been determined and documented an appropriate financial guarantee must be posted with the Utah BLM State Office. Please see the enclosed information on Surface Management Bond Requirements.

An extension of your existing notice may be requested as long as no modification is required. If you do need to modify your notice to address changes to your existing operation, additional needs for reclamation work, or to possibly change the reclamation plan, then a modification will be required. This is described in the regulations as a material change.

Material changes are changes that disturb areas not described in the existing

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notice; change your reclamation plan; or result in impacts of a different kind, degree or extent than those described in the existing notice (43 CFR 3809.331).

A material change would require the filing of a new notice for exploration activities or a plan of operations for mining, or for exploration activities over 5 acres. Please consult with us to determine the appropriate filing for your mining activity.

If you do not intend to extend your notice on file, please contact this office to arrange for a final field inspection. At that time we will review your reclamation plan with you to ensure that it is current and we will request that all reclamation activities be completed as soon as possible. Your reclamation obligation will continue beyond the expiration or termination of your notice, and will remain in effect until the work is completed.

If you have any questions regarding the status of your notice on file with this office, please contact Cheryl Martinez at (801) 977-4371. We appreciate your cooperation to bring your documentation under this new rule into full compliance.

Sincerely,



Brad D. Palmer

Assistant Field Office Manager
Non-Renewable Resources

acting

Enclosures

cc: Wayne Hedberg S/045/034

Building foundations, facilities, structures and other equipment.

1. Demolishing costs to the level of the foundation and burying costs of the demolished items on site, in conformance with applicable solid waste and hazmat disposal requirements.
2. Salvaging and sale costs. No provision for salvage value or credit is permitted.
3. Off-site disposal costs of "1" above, in conformance with applicable solid waste disposal and hazmat requirements.
4. Costs of continued use in a manner that is consistent with the proposed post mining land use.

Open pit mines.

1. Providing for the public safety.
2. Stabilizing pit walls or rock faces where required for public safety.
3. Constructing and maintaining berms, fences, or other means of restricting public access.
4. Costs of creating and maintaining a lake for recreational, wildlife enhancement, or other beneficial use.
5. Revegetation.

Underground mines.

1. Sealing shafts, adits, portals, and tunnels to prevent access.
2. Constructing and maintaining berms, fences, or other means of restricting access.

Revegetation

1. Application of top soil or other growth medium.
2. Seed bed preparation.
3. Selection of appropriate species of seeds or plants (consult BLM staff specialist).
4. Soil amendments such as fertilizers, mulches, or other compounds to assist in plant growth.
5. Planting or seeding (equipment, personnel, cost of seeds/plants).

Site Maintenance and Site Monitoring

1. Any site monitoring costs as required by the BLM.
2. Monitoring well costs for heaps, leach fields, bioreactors and tailings ponds as required by the UDEP based on a minimum of five years monitoring.

SURFACE MANAGEMENT BONDING REQUIREMENTS

A. BOND GUARANTEES

A bond is a financial guarantee, given to provide assurance to one party that another party will fulfill an obligation it has undertaken to perform. Bonds are not insurance. Under a bond, the principal or obligor on a personal bond is responsible to fulfill a contractual obligation. If the principal/obligor does not perform the contractual obligation, the bond may be collected.

Personal bonds are contracts directly between the obligor and the obligee. A surety bond is written for the benefit of a third party, and is a three-way contract among the principal (owner of the bond), the surety (insurance company), and the obligee (the party to whom performance is promised). A bond may only be terminated or canceled with the consent of all parties to the bond.

B. TYPES OF BONDS

1. SURETY BOND

A corporate surety bond consists of a promise by a principal and surety to the United States and/or the State of Utah that the surety will correct any default should the principal not do so, paying up to the limits of the amount of the bond. A surety bond is a three-way contract between the principal, the surety, and the United States/State of Utah.

When filing a bond with the BLM, the Surface Management Surety Bond form must be used. If filing a joint bond with DOGM, their Surety Bond (Form MR-6) and Reclamation Contract (Form MR-RC) forms must be used.

Information required:

- a. Bond must be properly executed by principal, including display of corporate seal (if available). The relationship of the signatory to the principal is to be shown on the bond form itself or in an accompanying document.
- b. Bond must be properly executed by acceptable surety, with the seal of corporate surety affixed, accompanied by the power of attorney (POA) showing proof of signing authority as surety's representative. Surety bonds must be issued by an qualified surety (insurance company) approved by the Department of Treasury (see <http://www.fms.treas.gov/c570/index.html>).
- c. Bond must be at least for the required amount.

- d. Principal and surety must be indicated in proper locations on the bond form.
- e. The dollar amount must be spelled out, for example, Ten Thousand and no/100 Dollars.
- f. Execution date on bond must be completed and date must precede the date of filing of bond.
- g. Power of Attorney must show that person signing for surety had authority to do so on the date bond was executed. The date must be the same as or earlier than the date the bond was executed. At the end of the POA, there should be a completed certificate indicating that the POA is still valid on a certain date. This certificate must be dated the same date the bond is executed or within a few days thereafter.

2. PERSONAL BONDS

The principal (obligor) may furnish a personal bond in lieu of a surety bond to ensure compliance with all the terms and conditions of a plan of operations and/or notice(s) on public land.

The BLM accepts three forms of personal bonds: Cash Bond, Letter of Credit (LOC), and Certificate of Deposit (CD).

CASH BOND:

A cash bond must be submitted in the form of a **Cashier's Check or certified check**. A check posted with the BLM must be issued to the **"U. S. Department of the Interior-BLM"**; and the BLM Surface Management Personal Bond form must accompany the check.

If posting with DOGM, the check must be issued to the Utah Department of Natural Resources-Division of Oil Gas and Mining (UT DNR-DOGM) and their Reclamation Contract (Form MR-RC) form must be used.

LETTER OF CREDIT (LOC):

An irrevocable letter of credit issued by a bank organized to do business in the United States.

Required information:

- a. Financial institution must be **federally insured** or a Federal Reserve Branch bank.

b. When posting the bond with the BLM, the bond must be payable to the **"U. S. Department of Interior-BLM"**; and the BLM Surface Management Bond form must accompany the LOC. The authorized officer for the BLM is **Robert Lopez, Chief, Branch of Minerals Adjudication.**

When filing a joint bond with the "Utah Department of Natural Resources-Division of Oil Gas and Mining" (UT DNR-DOGM) and the "U.S. Department of the Interior-Bureau of Land Management" (USDOI-BLM), the bond must be payable to both agencies. If posting the bond with DOGM their bond form (LOC) must be used.

- c. Initial expiration of the LOC must be not less than 1 year after the date filing with BLM.
- d. LOC must contain the **automatic renewal provision** in at least one-year increments.
- e. LOC must contain provisions allowing collection by BLM for default of obligor and failure of obligor to replace bond if 90-day notice is given by bank that LOC will not be renewed.

CERTIFICATES OF DEPOSIT (CD):

Federally-insured certificate of deposit payable to the United States and/or the State of Utah.

Required information:

- a. Financial institution must be **federally insured** or a Federal Reserve Branch bank.
- b. **CD must indicate** on the face of the certificate that **"The Secretary of the Interior-BLM must approve the redemption of the CD by any party."**

On joint bonds the statement should be, "The Secretary of the Interior-BLM and DOGM must approve the redemption of the CD by any party."

- c. CD should be issued to the **"U. S. Department of the Interior-BLM"** (USDOI-BLM); and the BLM Surface Management Personal Bond form must accompany the CD. The authorized officer for the BLM is **Robert Lopez, Chief, Branch of Minerals Adjudication.**

When filing a joint bond with the Utah Department of Natural Resources-Division of Oil Gas and Mining (UT DNR-DOGM) and the U.S. Department of the Interior-Bureau of Land Management (USDOI-BLM), the bond must be payable to both agencies. If posting the bond with DOGM their bond form (Joint Agency Certificate of Deposit) and Reclamation Contract form must be used.

If CD is issued to another person/company than BLM/DOGM, proof must be provided that the right to payment of the obligor under the CD has been assigned to BLM/DOGM, together with the proof that the bank has changed its records to show that only BLM/DOGM may collect the amount of the CD. A written confirmation is recommended (Assignment form signed by obligor and confirmation form signed by financial institution.)

d. The operator/obligor must ensure that the CD can be redeemed prior to maturity. If there are any penalties for early redemption, such penalties will be paid out of the obligor's interest earned, not out of the principal amount of the CD. Otherwise CD must be increased.

e. There should be **no expiration date** for the CD which would restrict the right of the BLM/DOGM to collect the principal at any time of default.

f. It must be clear that the deposit is for the sole and exclusive use of the Department of the Interior-BLM. On joint bond, deposit is for the use of the Department of the Interior-BLM and DOGM. The financial institution must agree to not use the deposit to off-set any monetary default of the Obligor (Agreement not to off-set form).

POSTING THE BOND WITH THE BLM:

Please contact Opolonia Abeyta at (801)539-4123, Mining Law Unit, Branch of Minerals Adjudication, Utah State Office, Bureau of Land Management, 324 South State Street, P. O. Box 45155, Salt Lake City, Utah 84145-0155. The authorized officer for the BLM is Robert Lopez, Chief, Branch of Minerals Adjudication. If you are posting the bond with the BLM, the bond must be filed with the Utah State Office.

POSTING THE BOND WITH DOGM:

Please contact Wayne Hedberg at (801)538-5340, Division of Oil, Gas, and Mining, Utah Department of Natural Resources, 1594 S. North Temple, Suite 1210, P. O. Box 145801, Salt Lake City, Utah 84114-5801.